



Thrift Savings Plan and MBA's Maturity Income plan

This article is in response to some of the most frequently asked questions during the Las Vegas MBA's representative training seminar. The questions and answers are relative to the MBA's Maturity Income product and the Thrift Savings Plan.

The MBA's Maturity Income product has been the association's most popular plan for several years. During the training, reps were interested in how a member could transfer their TSP funds to the MBA's Maturity Income Product. Therefore, we are providing answers to some of the questions asked during the Maturity Income training:

Can an active NALC member transfer their TSP funds to the MBA's Maturity Income plan?

Yes; however, the member would need to have met the TSP age (59 ½) and eligibility requirements. The in-service withdrawal regulations can be found in the TSP's "In-service Withdrawals July 2008" pamphlet that can be downloaded from the TSP website.

Should I put my retirement dollars in the TSP or the Maturity Income plan?

It depends; you should contribute into the TSP until you exceed the FERS matching limit of 5 percent of your income. As a FERS participant, the agency matches all of your contributions to the TSP up to the first 5 percent of your income.

What is the difference between the TSP vesting rules and the MBA's surrender fees?

The TSP vesting rules apply to the time you need to work to keep the matching funds the agency contributes to your account. Most FERS employees become vested after having completed three years of service.

The MBA's surrender fees apply to the length of time the account must remain open without the MBA imposing a surrender fee. The MBA has a declining service fee

schedule based on the length of time the account has remained open.

Does the amount of money transferred to the MBA's Traditional IRA limit my annual contributions to the IRA?

No. The Traditional IRA's annual \$5,000 or \$6,000 (aged 50 or above) contribution can still be made to the plan subject to income and other eligibility limits.

What is an age-based service withdrawal?

It is a one-time withdrawal you can make at or after 59 ½ while you are still employed. When you make an age-based in-service withdrawal, you lose the option of making a partial withdrawal from your account after you separate from service.

Can an NALC member transfer or roll over all or part of their age-based in-service funds tax-free?

Yes. The MBA's Traditional IRA Maturity Income plan will accept the exchanged funds tax-free from the TSP. These funds with the MBA's Traditional IRA will not be taxed until withdrawn from the MBA.

What do I need from TSP to process a transfer of all or a portion of my aged-based in-service funds?

The TSP form TSP-75 must be completed by the applicant and the MBA before the TSP will process the transfer.

Those are the some of the most common questions that we received at our MBA training seminar in Las Vegas. Remember to consult your tax and/or financial advisor regarding your particular retirement planning decisions.

Two resources that are particularly helpful regarding your Postal Service retirement benefits can be found at opm.gov/retire/pre/fers/index.asp and tsp.gov/index.shtml. 